

**Hampton Roads Transportation
Accountability Commission (HRTAC)
Summary Minutes of the March 16, 2023 Regular Meeting**

The Hampton Roads Transportation Accountability Commission (HRTAC) Regular Meeting was called to order at 12:31 p.m. with the following in attendance:

HRTAC Members in Attendance:

Mayor Donnie Tuck, Chair
Mayor Rick West, CH
Mayor Robert Cutchins, FR
Supervisor William McCarty, IW*
Supervisor Michael Hipple, JC
Mayor Phillip Jones, NN
Mayor Kenneth Alexander, NO
Mayor Shannon Glover, PO
Mayor Gordon Helsel, PQ
Supervisor Christopher Cornwell, SH

Mayor Michael Duman, SU
Mayor Bobby Dyer, VB
Supervisor Thomas G. Shepperd, YK
Mayor Doug Pons, WM
Delegate Amanda Batten, VGA
Delegate Anne Ferrell Tata, VGA
Delegate Barry Knight, VGA
Senator Monty Mason, VGA
Senator Louise Lucas, VGA

HRTAC Executive Director

Kevin Page

HRTAC Ex-Officio Members in Attendance:

Board Member Frederick T. Stant III, CTB

Officer Barb Nelson, VPA

Other Participants:

Chris Price, CH
Amanda Jarrett, FR
Mary Bunting, HA
Scott Stevens, JC
Patrick Roberts, NO
J. Randall Wheeler, PQ
James Wright, PO

Brian Thrower, SH
Al Moor, SU
Andrew Trivette, WM
District Engineer Chris Hall, VDOT
Thelma Drake, VIPRA
Tom Inglima, Willcox & Savage

HRTAC Ex-Officio Members Absent:

Director Jennifer Debruhl, DRPT

Commissioner Stephen Brich, VDOT

* Denotes Late Arrival or Early Departure

Others Recorded Attending:

Angela Rico, Jerri Wilson (NN); John Stevenson (NO); Andrew Damon (VB); Megan Gilliland, Ben Wills (Kaufman and Canoles); Nelson Bush, Dong Kim, David Miller, Lian Shan (PFM); Ed Reed (Two Capitols Consulting VB/HBT); Diane Kaufman (U.S. Senator Tim Kaine's Office); Drew Lumpkin (U.S. Senator Mark Warner's Office); Colleen Gregory-Gettel (Veterans Reporters); Courtney Whelan (Willcox & Savage); Rob Cofield, Danetta Jankosky, Andrew Margason, Twanesha Murray, Jaquil Tatum, Chris Vaigneur (HRPDC); Lynn Coen,

Jennifer Hodnett (HRTAC); Rob Case, Bob Crum, Matthew Harrington, Quan McLaurin, John Mihaly, Pavithra Parthasarathi, Dimitry Rekhter (HRTPO)

Call to Order and Roll Call

Mayor Donnie Tuck, HRTAC Chair, called the meeting to order at 12:30 p.m. and a roll call vote of all Members was taken in order to confirm a quorum:

Vice Chair, Mayor Rick West: Present
Mayor Robert Cutchins : Present
Chair, Mayor Donnie Tuck: Present
Supervisor William McCarty: No Response
Supervisor Michael Hipple: Present
Mayor Phillip Jones: Present
Mayor Kenneth Alexander: Present
Mayor Gordon Helsel: Present
Mayor Shannon Glover: Present
Supervisor Christopher Cornwell: Present
Mayor Michael Duman: Present
Mayor Robert Dyer: Present
Mayor Doug Pons: Present
Supervisor Thomas Shepperd: Present
Senator Louise Lucas: Present
Senator Monty Mason: Present
Delegate Barry Knight: Present
Delegate Amanda Batten: Present
Delegate Anne Ferrell Tata: Present
Board Member Frederick Stant: Present
VDOT District Engineer Christopher Hall: Present
Director Jennifer Debruhl: No Response
Officer Barb Nelson: Present

The quorum was confirmed by Mr. John Mihaly.

Approval of Agenda

Mayor Bobby Dyer Moved to approve the agenda, Seconded by Supervisor Christopher Cornwell. The Motion Carried.

Supervisor William McCarty Arrives.

Public Comment Period (limit 5 minutes per individual)

No one from the public requested to make a public comment.

Chair's Comments

Chair Tuck recognized the new members of the Commission, Mayor Phillip Jones of Newport News and Mayor Robert “Bobby” Cutchins of Franklin, and announced the appointment of Mayor Kenneth Alexander, Supervisor William McCarty and Supervisor Michael Hipple to the Nominating Committee. Chair Tuck stated that the Nominating Committee would develop a slate of officers to be presented at the Commission’s Annual Organizational Meeting on June 15, 2023.

Consent Items

- A. Minutes of the December 15, 2022 Regular Meeting
- B. Approved HRTAC FY2023-FY2028 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects – Adjustment of HRELN Values to: (i) Deallocate Funds from the HRELN Segment 4C Project; (ii) Allocate Said Funds to Support the HRELN Transportation Management Plan; and (iii) Authorization to Execute Necessary Agreements
- C. Amended and Restated Project Agreement for Funding and Administration for the I-64 Hampton Roads Bridge Tunnel Expansion Project – Extension of Time Re: Plenary Authority to take certain actions in support of VDOT’s efforts Re: Project Issues

Commission Members thanked the Hampton Roads Virginia General Assembly Delegation for their continued support for the region and continuous efforts to obtain transportation funding for Hampton Roads.

Mayor Rick West, HRTAC Vice Chair, Moved to approve the consent agenda items; Seconded by Supervisor Hipple. The Motion Carried.

Action Items

A. FY2024 Administrative and Project Development Budget – Endorsement and Authorization to Conduct a Public Hearing

Kevin Page, HRTAC Executive Director, briefed the Commission on the Proposed Fiscal Year 2024 Administrative and Project Development Budget. He highlighted that the proposed budget of \$8.368 million included one full-time accountant position, one full-time Deputy Director position and one full-time Chief Financial Officer position. Additionally, a Cost of Living Adjustment (COLA) of 5% for HRTAC staff was included. Executive Director Page indicated that the proposed budget was discussed in depth at the March 16 HRTAC Finance Committee meeting.

Supervisor Hipple, HRTAC Finance Committee Chair, stated that the Finance Committee felt it was time for a layered management approach and would have more details at the June 15th Annual Organizational Meeting and that the Finance Committee fully supported the proposed Fiscal Year 2024 Administrative and Project Development Budget.

Supervisor Hipple Moved that the Commission endorses the Proposed HRTAC Fiscal Year 2024 Administrative and Project Development Budget and authorizes the Executive Director

to conduct a public hearing on the proposed HRTAC Fiscal Year 2024 Administrative and Project Development Budget and report back public comments for consideration in the Commission's action, which action is expected to be taken not later than at its June 15, 2023 Annual Organizational Meeting, Seconded by Senator Monty Mason. The Motion Carried.

B. FY2024-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects – Endorsement and Authorization to Conduct a Public Hearing

Executive Director Page indicated that the HRTAC Finance Committee had met that morning to discuss the funding plan for the new highway projects and called the Commission's attention to the PowerPoint presentation included with the agenda.

Finance Committee Chair Hipple stated that the HRTAC Finance Committee had a detailed discussion and recommended approval of the Fiscal Year 2024 to Fiscal Year 2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects.

Mayor Gordon Helsel Moved that the Commission endorses the Proposed Fiscal Year 2024-Fiscal Year 2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Highway Regional High Priority Projects as an update to the HRTAC-adopted 2023-2028 Financial Plan and authorizes the Executive Director to conduct a public hearing and report back public comments for consideration in the Commission's action which action is expected to be taken not later than at its June 15, 2023 Annual Organizational Meeting, Seconded by Mayor Douglas Pons. The Motion Carried.

C. FY2024-FY2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Transit Regional High Priority Projects – Endorsement and Authorization to Conduct a Public Hearing

Executive Director Page stated that this agenda item covered the six year operating and capital program of projects for the transit program. He explained that HRTAC worked with Hampton Roads Transit (HRT) and the communities of the Six Cities on the funding plan.

Finance Committee Chair Hipple stated that the HRTAC Finance Committee had a detailed discussion and recommended approval of the Fiscal Year 2024 to Fiscal Year 2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Transit Regional High Priority Projects.

Mayor West Moved that the Commission endorses the Proposed Fiscal Year 2024 – Fiscal Year 2030 Plan of Finance Update – Six Year Operating and Capital Program of Projects – Transit Regional High Priority Projects as an update to the HRTAC-adopted 2023-2028 Financial Plan and authorizes the Executive Director to conduct a public hearing and report back public comments for consideration in the Commission's actions, which action is expected to be taken not later than at its June 15, 2023 Annual Organizational meeting, Seconded by Senator Mason. The Motion Carried.

D. 2045 Long Range Plan of Finance Update for the Region's High Priority Highway Projects and the Hampton Roads Regional Transit Fund – Endorsement and Authorization to Conduct a Public Hearing

Executive Director Page indicated that the HRTAC Finance Committee had a lengthy discussion at its March 16 meeting and stated that the 2045 Long Range Plan of Finance included \$11.534 billion in regional congestion relief highway projects and \$997 million in transit projects.

Finance Committee Chair Hipple stated that the Finance Committee had a detailed discussion and recommended approval of the 2045 Long Range Plan of Finance Update for the Region's High Priority Highway Projects and the Hampton Roads Regional Transit Fund.

Mayor West Moved that the Commission endorses the HRTAC 2045 Long Range Plan of Finance Update for the Region's High Priority Projects and the Hampton Roads Regional Transit Fund and authorizes the Executive Director to conduct a public hearing on the proposed HRTAC 2045 Proposed Long Range Plan of Finance Update and report back public comments for consideration in the Commission's action, which action is expected to be taken not later than at its June 15, 20263 Annual Organizational Meeting, Seconded by Senator Mason. The Motion Carried.

E. HRTAC Highway Regional High Priority Projects Funding Plan of Finance and Debt Management Plan Update

Executive Director Page stated that representatives from PFM Financial Advisors briefed the Finance Committee during its March 16 meeting. He noted that in light of the first six projects reaching near completion, HRTAC Staff thought it would be prudent to have PFM Financial Advisors review the ongoing and new projects included in the Highway Regional High Priority Projects Funding Plan of Finance and Debt Management Plan.

David Miller, PFM Financial Advisors, reminded the Commission of the initial six projects, including the High Rise Bridge, which had already been financed. He also noted that all financing had been completed for the Hampton Roads Bridge-Tunnel (HRBT) Expansion Project. Mr. Miller highlighted that the Hampton Roads Express Lanes Network (HRELN) Project would be funded in several components, similar to what HRTAC has done with previous projects. He reviewed the HRELN's layout with the Commission, highlighting the segments of the HRELN that would be financed first.

Mr. Miller reviewed with the Members the status of Hampton Roads Transportation Fund (HRTF) revenues. He explained that sales tax revenues for 2022 were strong and that the floor imposed on fuels tax in 2019 contributed to strong revenues for that year. Mr. Miller reviewed the seven-year projection of HRTF revenues issued by the Department of Taxation in December 2022, noting the difference between the prior and current forecasts.

Mr. Miller noted that of the \$1.3 billion cost of the HRELN Funding Plan, HRTAC's contribution would total \$961 million. Other sources include Virginia Department of Transportation (VDOT) funding and federal funding. Mr. Miller indicated that HRTAC would

be submitting an application to receive a loan from the TIFIA program for \$134 million for purposes of funding Segment 4C of the HRELN. He stated that the remaining HRELN Segments would be financed through \$164 million in HRTF bonds and potentially a second toll-backed TIFIA loan for \$230 million.

Finance Committee Chair Hipple stated that the Finance Committee had a detailed discussion at its March 16 meeting and recommended approval of the HRTAC Highway Regional High Priority Projects Funding Plan of Finance and Debt Management Plan Update.

Mayor Dyer Moved that the Commission approves the Proposed HRTAC Highway Regional High Priority Projects Funding Plan of Finance and Debt Management Plan Update that includes adjusted cost estimates, funding analysis, and determination of revenue debt issuance assumptions, Seconded by Mayor Pons. The Motion Carried.

F. Defeasance of the Hampton Roads Transportation Fund Senior Lien Bond Anticipation Notes, Series 2021A – Resolution 2023-01

Mr. Miller reminded the Commission of the \$817,990,000 HRTF-backed TIFIA loan that HRTAC had closed in 2021 to fund the HRBT Project with an interest rate of 1.86%, noting that the interest rate was incredibly low for an over 30-year fixed rate loan. Further, Mr. Miller noted that, because the interest rate was even lower for bond anticipation notes (BANs), with a 0.56% yield at that time, HRTAC also sold BANs, the proceeds of which were used to provide short-term, lower cost construction funding.

Mr. Miller explained that the initial plan was to draw the TIFIA loan in 2026 to pay the principal on the BANs; however, the proposed new plan was to draw the TIFIA loan at present and place the funds into an escrow, which would provide for the payment of the principal on the BANs in July 2026. Mr. Miller noted that amounts from the “capitalized interest” fund under the BANs (approximately \$24 million at present), would also need to be placed into the escrow to provide for the full defeasance of the BANs, i.e., such that they would no longer be an outstanding obligation of HRTAC. Since the BANs capitalized interest fund contained approximately \$143 million, approximately \$119 million (based on then current rates) could be spent on other project costs.

A graph was displayed showing the potential investment earnings should HRTAC decide to undertake the defeasance of the BANs. Mr. Miller explained that HRTAC could realize economic benefits by earning at a higher rate on a portion of the escrow funds than the interest rate that HRTAC would pay on the TIFIA loan. Mr. Miller stated that although interest rates could vary, HRTAC could potentially realize a minimum present value savings of \$53.4 million (based on then current rates).

Nelson Bush, PFM Asset Management, reviewed the risks associated with the proposed defeasance of the BANs and the steps taken to try to help mitigate those risks. He indicated that HRTAC and PFM had been in communication with the TIFIA program coordinators to ensure that the associated risks were mitigated.

Ben Wills, Kaufman and Canoles, HRTAC Bond Counsel, reviewed HRTAC Resolution 2023-01 with the Members. He reminded the Commission that the defeasance would be accomplished through two funding sources: the proceeds of a TIFIA bond, which is a long-term financing instrument, and the existing amount in the capitalized interest fund for the 2021A BAN. He stated that any remaining amount in the capitalized interest account along with any financial benefit that the Commission experiences as a result of the defeasance would all go toward eligible project costs for the HRBT Expansion Project.

Discussion ensued regarding the investments of the escrow.

Finance Committee Chair Hipple stated that the Finance Committee had a detailed discussion and recommended defeasance of the Hampton Roads Transportation Fund Senior Lien Bond Anticipation Notes, Series 2021A.

Supervisor Hipple Moved that the Commission adopts Resolution 2023-01, Seconded by Mayor West. The Motion Carried.

Finance Chair Hipple thanked the Finance Committee for all of their hard work and assured the Commission that the Finance Committee members were engaged and highly dedicated.

Information Items

A. HRTAC Monthly Financial Report

Executive Director Page reviewed the Monthly Financial Report with the Commission.

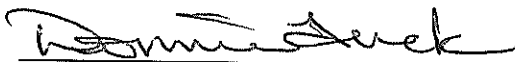
B. VDOT Project Updates

Executive Director Page noted that the VDOT project updates were included in the agenda package.

C. HRTAC Annual Organizational Meeting – June 15, 2023

Adjournment

With no further business to come before the Hampton Roads Transportation Accountability Commission, the meeting adjourned at 1:21 p.m.



Donnie Tuck,
HRTAC Chair